



# Legal Avenues

Your Road to Solutions

## Options for Accepting Credit Cards with Your Mobile Device

With a mobile device, attorneys on the go can now communicate with their office, use apps to do quick research and even accept credit card payments from clients. The ABA 2012 technology survey reported that eighty-nine percent of attorneys use smart phones to do work related tasks.<sup>1</sup>

The ability to process credit card payments using a mobile device has become much easier the last couple of years. There are two ways to accept mobile credit card payments, either through a traditional merchant account or an “aggregator” program. Check with the provider to confirm the type of account being offered.

An aggregator account combines payments from several merchants into one account, which then sends out the payments to the individual businesses. Examples of this type of aggregator are Square ([www.square.com](http://www.square.com)) and PayPal ([www.paypal.com](http://www.paypal.com)).

These aggregators are usually able to provide lower fees for small businesses who do not have a high volume of payments. Usually aggregator programs limit a business to processing less than \$8,000 per month, as well as having an amount limit, for example \$400 per transaction. In some cases, the aggregator can hold larger charges for 30 days or longer. Aggregator accounts tend to have lower monthly fees, but usually have higher transaction fees.<sup>2</sup>

Both Square and PayPal provide a card reader that plugs into your mobile device. Square provides online help, but little in the way of human customer service support.<sup>3</sup>

With an aggregator account, client fees will be comingled with funds that have no relationship to the attorney or firm, and there is the possibility that processing fees could be directly deducted from unearned client funds.<sup>4</sup>

Merchant accounts are between a specific business and the credit card processor. They typically have a monthly fee, but lower transaction processing fees. If your law office is already accepting credit card payments, it can check with its current provider to see what options it has for accepting mobile payments.

There are merchant account providers, such as LawPay ([www.lawpay.com](http://www.lawpay.com)) and LawCharge ([www.lawcharge.com](http://www.lawcharge.com)) that provide services specifically for attorneys.<sup>5</sup> These providers give attorneys the ability to deposit funds into a trust account or operating account and ensure that credit card processing fees are deducted from the operating account.

Another merchant account provider is Intuit Go Payment (<http://intuit-gopayment.com>). It can sync transactions directly to the QuickBooks accounting program since both applications are provided by the same company. The card reader for this service is larger than most others.<sup>6</sup>

A merchant account provider that has been around since 1992 is PayAnywhere (<http://www.payanywhere.com>) from North American Bancard. It supports BlackBerry devices, while most of the other mobile payment apps do not. It also provides phone customer support.<sup>7</sup>

Regardless of the provider used, to help ensure that client credit card information is secure and encrypted during the transaction, make sure the payment processor is Payment Card Industry Compliant. Find more

### Footnotes

<sup>1</sup>Crimmins, Jerry. “Report Shows Attorneys Use of Tablets, Smartphones on the Rise.” *Chicago Daily Law Bulletin* 31 July 2012. 21 February 2013. < <http://www.chicagolawbulletin.com/News-Extra/Special-Sections/ABA/TECH-jc7312012.aspx>>

<sup>2</sup>Porter, Amy. “Accepting Credit Cards on the Go.” 30 *GP Solo* 28 (January/February 2013) also available at < [http://www.americanbar.org/publications/gp\\_solo/2013/january\\_february/accepting\\_credit\\_cards\\_go.html](http://www.americanbar.org/publications/gp_solo/2013/january_february/accepting_credit_cards_go.html)>

<sup>3</sup>Blum, Jonathan and Alex Dalenberg. “The Pros and Cons of Mobile Payment Services.” *Entrepreneur* 13 August 2012. Entrepreneur.com. 20 February 2013. <<http://www.entrepreneur.com/article/224181>>

<sup>4</sup>Porter, p. 28.

<sup>5</sup>Ibid., 29.

<sup>6</sup>Blum.

<sup>7</sup>Ibid.

information at the PCI Security Standards Council's website: [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org).<sup>8</sup>

Most of the credit card payment apps allow swiping the credit card or keying in the information from the card. Usually the fee for the keyed in transaction is higher than it is for the swiped transaction.

Attorneys should be aware that in January 2013 the IRS began requiring credit card processing companies to verify and match the federal tax identification number and legal name on the merchant account with IRS records. The format of the name must match exactly.

If the recorded names do not match the IRS can impose a 28% withholding penalty on all credit card transactions.<sup>9</sup>

The ability to accept credit card payments using a cell phone or tablet makes it more convenient for attorneys to meet and work with clients in almost any location. It is another way to stay competitive in today's mobile society.

By Kendel Croston, MLS Stark County Law Library <a href="mailto:krcroston@starklawlibrary.org">krcroston@starklawlibrary.org</a>
--

### Footnotes

<sup>8</sup>Porter, p.29.

<sup>9</sup>"If You Accept Credit Cards from Clients, You Should Read This!" *NW Sidebar* December 21, 2012. Washington State Bar Association. 20 February 2013. <<http://nwsidebar.wsba.org/2012/12/21/irs-credit-cards-6050w/>>.

**Active links to the resources listed in this article are available on the Stark County Law Library's website at: [www.starklawlibrary.org](http://www.starklawlibrary.org)**